



CITY COUNCIL AGENDA REPORT

MEETING DATE: JUNE 18, 2013

ITEM NUMBER:

PH-4

SUBJECT: ADOPTION OF THE FISCAL YEAR 2013-2014 BUDGET

DATE: JUNE 13, 2013

FROM: FINANCE DEPARTMENT, ADMINISTRATION DIVISION

PRESENTATION BY: BOBBY YOUNG, FINANCE & I.T. DIRECTOR

FOR FURTHER INFORMATION CONTACT: BOBBY YOUNG AT (714) 754-5243

RECOMMENDED ACTION:

Adopt the attached Resolution Number 13-__ approving the Fiscal Year 2013-2014 Operating and Capital Improvement Budget.

BACKGROUND:

Staff has used multiple City Council Study Sessions throughout May and June to present to the City Council the Proposed Operating & Capital Improvement Budget for Fiscal Year 2013-2014. The proposed budget is the City's preliminary spending plan for Fiscal Year 2013-2014.

ANALYSIS:

As presented at the June 11, 2013 City Council Study Session, due to the lack of revenue to fund all Capital Improvement Projects proposed, the City CEO recommended reducing the total amount of projects to incorporate the amount that could be funded by the General Fund and keep a balanced budget.

City Council also recommended additional changes to the preliminary budget. The following are the recommended changes and the City CEO's recommendations for funding.

1. Decrease funding of the capital improvement project at Smallwood Park (Project #50) from \$500,000 to \$250,000. Then allocate \$200,000 to Rehabilitate Parking Lot – Various Park Locations (Project #34) and \$50,000 to Concrete Walkway Replacement – Various Parks (Project #31).
2. At the June 11, 2013 City Council Study Session, it was determined that there is available CDBG grant funding due to the actual grant amount being higher than originally estimated. City Council requested funding Sidewalk Repairs (Project #27) and the City CEO recommends allocating \$174,000 of available CDBG funding for sidewalk repairs in the CDBG eligible areas.

3. Pomona Elementary School has requested to have a R.O.C.Ks program at their school. **See Attachment 2** detailing the net cost of \$7,524. City CEO recommends using available General Fund resources to fund this request.
4. At the June 11, 2013 City Council Study Session, it was recommended by City Council to fund grants to Youth Employment Services (YES) in the amount of \$12,500 and Elwyn in the amount of \$4,500 from the General Fund instead of the CDBG Fund, total of \$17,000. City CEO recommends using available General Fund resources to fund this request.

The following are requests from City Council in which staff provides additional information and the City CEO suggests City Council consider alternative funding sources.

5. Funding Mesa Verde Library Improvements (Project #55) in the amount of \$50,000. This project was funded in FY 12-13 but was not started. Therefore staff will continue the funding from FY 12-13 to complete the project in FY 13-14.
6. Funding Fire Station #4 – Replace Emergency Generator (Project #59) in the amount of \$90,000. This project was funded as part of the Fire Department reorganization. The savings that will be generated by the reorganization in FY 13-14 will allow for this project to be completed in FY 13-14.
7. Funding Median Improvements – Red Hill Avenue (Project #6) in the amount of \$140,000. Funding for this project is expected as part of the FY 14-15 Budget. Staff is also looking for possible grant funds to complete project.
8. Funding Playground at Brentwood Park (Project #48) in the amount of \$500,000. Staff continues exploring grant opportunities as a funding source for this project.
9. Funding Arlington Drive at Newport Boulevard Streetscape Improvements (Project #1) in the amount of \$180,000.
10. Funding Mesa Del Mar Neighborhood Entryway (Project #43) in the amount of \$78,000.
11. Funding Council Chambers & Broadcast Systems A/V Upgrades (Project #62) in an amount between \$250,000 to \$1,250,000.
12. Funding to re-establish the Aquatics Program year around in the amount of \$38,129. **See Attachment 3.**
13. Funding to establish a Fitness Program (\$50,000) and a Youth Basketball Program (\$35,000) at local elementary schools in the amount of \$85,000. **See Attachments 4 and 5.**
14. Funding to establish a flag football program and support athletic programs at local middle schools in the amount of \$30,000. **See Attachment 6.**
15. Funding to establish a full time Volunteer Coordinator position in the amount of \$91,599. This concept has yet been fully defined but resources would be needed to support neighbors for neighbors events or other community oriented activities requiring volunteers.

The City CEO recommends the following as possible funding sources for items 9 through 15 above:

- Reduce other capital improvement project or priorities to create available funding for these new priorities.
- Reduce the General Fund Contingency allocation of \$1,000,000.
- Reduce the Problem Properties allocation of \$500,000.
- Reduce the Unfunded Liabilities allocation of \$550,000.
- Evaluate increasing revenue opportunities.
- Evaluate the use of financing opportunities.
- Conduct a CIP Summit in September and explore the use of prior year's operating surplus/use of fund balance for one time capital projects.

Without changes to the above recommendations, the total proposed appropriations for all funds are \$132,280,839. Compared to the Fiscal Year 2012-2013 adopted budget, the Fiscal Year 2013-2014 proposed budget represents a decrease of \$295,460 or - 0.22%, as shown in the following table. The proposed budget includes the operating and capital improvement budgets for the following funds: General Fund, Special Revenue, Capital Projects, and Internal Service Funds.

<u>PROPOSED BUDGET - ALL FUNDS</u>					
<u>Appropriations/ All Funds</u>	<u>Proposed FY 13-14</u>	<u>Adopted FY 12-13</u>	<u>Increase (Decrease)</u>		<u>Percent of Total</u>
			<u>Amount</u>	<u>Percent</u>	
Operating Budget	\$109,772,242	\$109,229,363	\$ 542,879	0.49%	82.98%
Transfers Out	3,985,000	2,640,000	1,345,000	50.9%	3.02%
Capital Budget	18,523,597	20,706,936	(2,183,339)	(10.54%)	14.00%
Total	<u>\$132,280,839</u>	<u>\$132,576,299</u>	<u>(\$ 295,460)</u>	<u>(0.22%)</u>	<u>100.00%</u>

The following table is a summary of the Fiscal Year 2013-2014 total appropriations by fund type for all funds, compared with the adopted budget for the current year:

<u>Fund Type</u>	<u>Proposed FY 13-14</u>	<u>Adopted FY 12-13</u>	<u>Increase (Decrease)</u>		<u>Percent of Total</u>
			<u>Amount</u>	<u>Percent</u>	
General Fund*	\$103,208,017	\$101,119,710	\$2,088,307	2.02%	78.03%
Special Revenue Funds*	9,266,863	10,621,700	(1,354,837)	(14.62%)	7.00%
Capital Projects Funds*	13,677,200	14,052,360	(375,160)	(2.67%)	10.34%
Internal Service Funds*	6,128,759	6,782,529	(653,770)	(9.64%)	4.63%
Total	<u>\$132,280,839</u>	<u>\$132,576,299</u>	<u>(\$ 295,460)</u>	<u>(0.22%)</u>	<u>100.00%</u>

* Includes transfers out

The following table illustrates the total estimated revenue, total appropriations, and total fund balances used for all funds.

Description	General Fund	All Other Funds	Total
Estimated Revenue	\$ 103,220,486	\$19,897,748	\$ 123,118,234
Transfers In	-	3,985,000	3,985,000
Use/(Surplus) of Fund Balances	(12,469)	5,190,074	5,177,605
Total Resources	\$ 102,935,221	\$ 29,072,822	\$ 132,280,839
Proposed Operating Budget	\$ 99,223,017	\$10,549,225	\$ 109,772,242
Proposed Capital Budget	-	18,523,597	18,523,597
Transfers Out	3,985,000	-	3,985,000
Total Appropriations	\$ 103,208,017	\$ 29,072,822	\$ 132,280,839

The Fiscal Year 2013-2014 proposed budget includes the use of fund balance by some funds including the General Fund. The estimated amounts of fund balances to be used by those funds are listed in the following table:

<u>ESTIMATED FUND BALANCES TO BE USED</u>	
<u>Fund</u>	<u>Amount</u>
Gas Tax Fund	\$246,250
Proposition 172 Fund	287,220
Park Development Fees Fund	410,500
Drainage Fees Fund	288,000
Narcotics Forfeiture Fund	136,013
Capital Improvement Fund	55,900
Measure "M" Construction Fund	754,000
Measure "M" Regional Fund	126,719
Measure "M" Fairshare Fund	4,086,335
Self Insurance Fund	413,938
Total use of fund balances	\$6,804,875

ALTERNATIVES CONSIDERED

The State Government Code requires the annual budget to be adopted prior to the beginning of the fiscal year, which is July 1. Therefore, no alternatives were considered.

FISCAL REVIEW

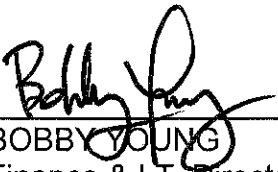
As presented, the proposed FY 13-14 budget provides for adequate resources to fund the total proposed appropriations for all funds.

LEGAL REVIEW

The City Attorney has reviewed and approved the attached resolution as to form.

CONCLUSION:

The proposed budget continues to provide an outstanding level of service and is balanced within existing resources including the use of fund balance for some funds. Staff is available to answer any questions you may have about the Fiscal Year 2013-2014 proposed budget at your convenience.


BOBBY YOUNG
Finance & I.T. Director

- Attachment 1: Resolution Adopting the Budget for FY 13-14
- Attachment 2: Interoffice Memo from Robert Knapp, Recreation Manager to Tom Hatch, City CEO regarding Pomona R.O.C.K.S. Site Request
- Attachment 3: Interoffice Memo from Robert Knapp, Recreation Manager to Tom Hatch, City CEO regarding Downtown Recreation Center – Aquatics Program
- Attachment 4: Interoffice Memo from Robert Knapp, Recreation Manager to Tom Hatch, City CEO regarding R.O.C.K.S. Program – Fitness Club Program
- Attachment 5: Interoffice Memo from Mike Brandenburger, Assistant Recreation Supervisor to Robert (Bob) Knapp, Recreation Manager regarding Youth Basketball League Program
- Attachment 6: Interoffice Memo from Tom Hatch, City CEO to City Council regarding Middle School Athletic Program
- Attachment 7: Listing of Contingency Amount for FY 12-13

RESOLUTION NO. 13-____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF COSTA MESA, CALIFORNIA, ADOPTING A
BUDGET FOR THE FISCAL YEAR 2013-2014.**

THE CITY COUNCIL OF THE CITY OF COSTA MESA DOES HEREBY
RESOLVE AS FOLLOWS:

WHEREAS, the Proposed Budget for Fiscal Year 2013-2014 year has been
prepared in compliance with Section 2-153 of the Costa Mesa Municipal Code.

NOW, THEREFORE, BE IT RESOLVED as follows:

SECTION 1: To ensure appropriate service levels, the Chief Executive Officer is
authorized to reallocate staffing resources within adopted appropriations as needed.

SECTION 2: The annual budget for the City of Costa Mesa for the Fiscal Year
beginning July 1, 2013 and ending June 30, 2014 is hereby adopted as set forth in the
Proposed 2013-2014 Budget.

PASSED AND ADOPTED this 18th day of June, 2013.

Jim Righeimer, Mayor

ATTEST:

APPROVED AS TO FORM:

Brenda Green, City Clerk

Thomas P. Duarte, City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF COSTA MESA)

I, BRENDA GREEN, City Clerk of the City of Costa Mesa, DO HEREBY CERTIFY that the above and foregoing is the original of Resolution No. 13-____ and was duly passed and adopted by the City Council of the City of Costa Mesa at a regular meeting held on the 18th day of June, 2013, by the following roll call vote, to wit:

AYES: COUNCIL MEMBERS:

NOES: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

IN WITNESS WHEREOF, I have hereby set my hand and affixed the seal of the City of Costa Mesa this ____th day of June, 2013.

BRENDA GREEN, CITY CLERK

(SEAL)

**CITY OF COSTA MESA
Public Services Department
Recreation Division**

TO: Tom Hatch, Chief Executive Officer
FROM: Robert Knapp, Recreation Manager
DATE: June 11, 2013
SUBJECT: Pomona R.O.C.K.S. Site Request

INFORMATIONAL ITEM

Recreation Division staff received a request (Attachment 1) from Megan Brown, Principal at Pomona Elementary School, to add Pomona to our list of R.O.C.K.S. sites for the 2013/14 school year.

The cost projections for the FY 2013/14 budget, with funds to be added to the ROCKS #40233 program 2013-14 budget worksheet, would be as follows:

Account # 501300	Part time staffing	\$33,200
Account #510100	Stationary and Office supplies	\$300
Account #510300	Small Tools	\$500
Account #510500	Health and Safety	<u>\$200</u>

Sub Total **\$34,200**

The R.O.C.K.S. program currently averages over 78% revenue recovery which would put the estimated fee recovery at **\$26,676.00**, which will require an estimated **\$ 7,524.00** support base for the program.

Background

The Recreation on Campus for Kids (R.O.C.K.S.) after-school program is a fee-based program at the following Newport-Mesa Unified School District elementary school sites: Adams, California, College Park, Davis, Killybrooke, Paularino, Sonora, Victoria and Whittier. The R.O.C.K.S program provides supervision by City of Costa Mesa recreation staff on the school's playground Monday through Friday from the time school is dismissed until 6 p.m. for children grades kindergarten through 6th. The program is open during the school year and is closed during all school holidays, in-service days and vacation breaks. This program focuses on four areas: educational activities, youth sports, recreation, and supervised self-directed as well as encourages academic enrichment activities and character education in a structured environment.



POMONA ELEMENTARY SCHOOL
2051 Pomona Ave, Costa Mesa, CA 92627
(949)515-6980 / Fax (949)515-6891

May 2, 2013

To Whom It May Concern:

Pomona Elementary School is interested in having the R.O.C.K.S. program on site for the 2013-2014 school year.

Pertinent information regarding Pomona Elementary:

Total Enrollment: 515

Daily Schedule: M, T, Th, F – 8:15 – 2:45, Wed. 8:15 – 1:15

On behalf of the Pomona Community, we appreciate your consideration.

Sincerely,

Megan Brown, Principal

CITY OF COSTA MESA
Public Services Department
Recreation Division

TO: Tom Hatch, Chief Executive Officer

FROM: Robert Knapp, Recreation Manager

DATE: June 11, 2013

SUBJECT: Downtown Recreation Center – Aquatics Program

INFORMATIONAL ITEM

Recreation Staff would like to bring forward for your review the consideration of reopening the Downtown Recreation Aquatics Center for year round use. The aquatics center provides a vital service to not only the local Westside community, but to the City as a whole. The support provided by the city creates an affordable alternative to the for pay business structure of the aquatics programs provided by other facilities in the city and those in surrounding communities. The DRC Aquatics Center is the only facility providing the life saving skills of water safety and conditioning through swimming to those in the community who simply do not have any other alternative.

The goal of Recreation Division staff is to provide a clean and safe environment for all of our resident patrons. We are prepared to implement changes to our current program offerings to include competitive swim training and more advanced swim lessons to encourage the development of lifelong healthy lifestyles through swimming. It is the opinion of staff that the best way to increase our involvement and presence in the community is to provide this year round programming and to carefully manage this valuable city resource.

We have included an itemized budgetary estimate (attachment 1) and this brief summary of the incremental difference for the increased facility hours.

Staff & Professional Development	Open for 12 months	Open for 6 mo. (Closed 6 mo.)
PT Aquatic Staff	\$112,354	\$98,958
Rec Specialist	\$64,038	\$38,129
Assist Rec Supervisor	\$20,250	\$20,250
Professional Development	\$2,315	\$2,315
Total	\$198,957	\$159,652

**CITY OF COSTA MESA
Public Services Department
Recreation Division**

TO: Tom Hatch, Chief Executive Officer
FROM: Robert Knapp, Recreation Manager
DATE: June 11, 2013
SUBJECT: ROCKS Program – Fitness Club

INFORMATIONAL ITEM

Fitness Club Program (September – June)

Each ROCKS site for one day a week is visited by the Fitness Team teaching fitness tips and games as well as nutritional activities for 1 ½ hours. For nine weeks participants learn about living a healthy lifestyle and during week ten participants will partake in a fitness tournament. Additional program features could include, but not limited to, soccer, volleyball, track and field and kickball

The program operates for two 10 week sessions
10 weeks October – Dec
10 weeks April– June

January through March the Youth Basketball and Cheerleading program is conducted instead of the Fitness Club program.

Fitness Club Program Budget Cost

Staffing - \$37,929

Supplies - \$ 6,000

Estimated Total \$42, 929

**CITY OF COSTA MESA
PUBLIC SERVICES DEPARTMENT/RECREATION
INTEROFFICE MEMORANDUM**

To: Bob Knapp, Recreation Manager

From: Mike Brandenburger, Assistant Recreation Supervisor

Date: September 28, 2012

Subject: Youth Basketball League Proposal

Operation

The program would operate within the ROCKs afterschool program. Teams will be formed at all eight sites California, College Park, Davis, Killybrooke, Paularino, Sonora, Victoria and Whittier Schools. These teams will consist of 10 participants in three different divisions, B division for 5th and 6th grade, the C division for 3rd and 4th grade and the D division for 1st and 2nd grade. The registration process should be held for at least a one month period sometime in November through December. While registration is taking place staff will be looking for volunteers and staff to coach the teams. Promotion of the program should start one month before registration begins. Participants will be able to register at the local community centers and city hall. The season will operate for 8 weeks of games beginning January 12, 2013 and conclude March 2, 2013. Games will be held at the Downtown Recreation Center (DRC) and TeWinkle Middle School.

Projected participation would be a total of 32 teams and 320 participants with each school having at least one team in each division. Practices will be held at each ROCKs afterschool site during the week. Teams will be allowed to practice a total of 3 hours a week. Projected volunteers would include at least 12 volunteer coaches to enhance the overall program while reducing the overall cost of the program. Volunteer coaches would be selected by staff and would need to clear through the Costa Mesa Human Resources Division before coaching.

Administration

At least one full time staff should oversee all aspects of the program. In addition to the full time staff a part-time Recreation Leader IV would need to operate the day to day aspects of the program including hiring, scheduling, training and evaluating coaches and other staff for the program including all the volunteers. Promotion of the program is going to be vital to its return and we will need the help of the Communications Department (Bill Lobdell and Dane Bora) to promote this program.

Budget Workbook

The budget workbooks include all that is needed to operate a quality program without cutting corners. The budget is based on 20 staff coaching teams and 12 volunteers for a total of 32 coaches. The budget also includes staffing for referees, scores keepers and lead staff for the program. Total staffing costs based on this model should be \$29,488 which includes \$1,000 professional development to have all our staff, including volunteers certified as Double – Goal coaches through the Positive Coaching Alliance (PCA). I can't stress enough that the PCA is a quality organization and all our staff, volunteers and community will benefit from it. Maintenance and operations costs will total \$5,050 that will cover everything from basketballs, team t-shirts and participation awards for all participants and volunteers.

**CITY OF COSTA MESA
CEO'S OFFICE
INTEROFFICE MEMORANDUM**

TO: CITY COUNCIL
FROM: THOMAS R. HATCH, CHIEF EXECUTIVE OFFICER
DATE: JUNE 13, 2013
SUBJECT: MIDDLE SCHOOL ATHLETIC PROGRAM

At the June 11, 2013 Budget Study Session, Mayor Pro Tem Steve Mensinger requested that staff provide information on supporting the Middle School Athletic Programs at TeWinkle Middle School and Costa Mesa Middle School.

The City supports the elementary schools in Costa Mesa by providing the ROCKS Program and the City Council is considering reinstating a youth basketball program and an elementary school fitness club concept that is similar to the prior after-school playground sports program. These activities help support parents with cost-efficient child care while providing physical activity and education for elementary age students. In addition, the individual schools enjoy a sense of school spirit when Costa Mesa students participate in activities as they represent their individual schools. The City benefits by helping to improve the quality of life in a neighborhood and further enhancing a sense of pride in community by supporting and providing activities for students directly at their local school.

At the middle school level, the City provides a Teen Center environment at both TeWinkle and Costa Mesa Middle Schools. These two Centers allow middle school age students to gather in a relaxed environment and enjoy activities, art projects, as well as board/table games each school day. Our middle schools do have challenges with keeping students focused and away from poor decisions and the Teen Centers do provide a healthy choice of activities.

Based on the request, staff has developed a concept for supporting the existing athletic programs that are already provided (soccer, volleyball, basketball, track and field and cheerleading) and to work with the School District to create a flag football program. The City could support the costs for operating a program including paying for coaches, uniforms, and equipment. It is estimated that hundreds of both boys and girls participate in middle school athletics. More participants may be able to participate with City involvement and support and specifically, a new flag football program would be available to students. The recommendation at this point is for the City to equally support both TeWinkle and Costa Mesa Middle School programs with \$15,000 for a total of **\$30,000**.

The City has only briefly informed the Newport-Mesa Unified School District of the elementary school youth basketball program, elementary school fitness club program and the middle school athletic program. The details and agreements would need to be worked-out prior to implementation. It is anticipated that the District will appreciate this support for our students.

City of Costa Mesa
FY 2012-13 Contingency Fund Expenditures

Communications/Public Affairs/City Clerk/Central Services

Council Chamber Technology Upgrade - Consultant	\$31,000.00
Website Upgrade and Content Management	\$45,000.00
Small Tools for Special Events	\$19,307.00
60 Year Celebration	\$125,000.00
Sub Total	<u>\$220,307.00</u>

CEO Office

City Hall and PD Lobby Redesign	\$77,000.00
Organizational Improvements Study	\$40,000.00
I-405 Advacy Consultant	\$12,500.00
Shared Services Study	\$15,000.00
Sub Total	<u>\$144,500.00</u>

Neighborhood Improvement Task Force

Part-time Staffing	\$135,000.00
2 Part-time Social Workers	\$50,000.00
Voucher Program	\$5,000.00
Small Tools	\$7,500.00
Sub Total	<u>\$197,500.00</u>

Other Priorities

Bus stop improvements - multiple locations	2,478.25
19th Street sign and install	24,075.00
Security Cameras @ City Hall and Lions Park	75,000.00
Sub Total	<u>101,553.25</u>

Added after mid year budget adjustment

Parsons Field Work	13,775.00
Security Cameras @ City Hall and Lions Park	27,000.00
Historical Society Improvements	70,000.00
Management Partners	100,000.00
Senior Center Audit	25,600.00
Sub Total	<u>236,375.00</u>

Total Expended \$900,235.25

Adopted Budget 1,000,000.00

Remaining Budget \$ 99,764.75